

Canadian Embassy



Ambassade du Canada

501 Pennsylvania Avenue, N.W.
Washington, D.C. 20001

November 28, 2001

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 17th Street, NW
Washington, D.C.
20508

Re: Request for Exclusions
Investigation No. TA-201-73 Certain Steel Products

Dear Ms. Blue:

Further to the notice which appeared in the Federal Register of October 26, 2001 and the investigation as indicated above, the Embassy wishes to inform the Trade Policy Staff Committee (TPSC) of its request for exclusions from any import relief which may be recommended by the U.S. International Trade Commission (ITC) under Section 203 of the Trade Act of 1974 for products which falls within the coverage of two of the product categories on which the Commission may recommend import remedies.

The Commission has found, further to the provisions of the North American Free Trade Agreement (NAFTA), that imports of carbon steel flanges, fittings and tool steel and stainless steel flanges and fittings from Canada were contributing importantly to the serious injury finding by the Commission with respect to imports of these products from all sources. In specific regard to sub-categories of these two groupings, namely highly specialized carbon and stainless steel butt weld and pipe fittings, as covered primarily by

Harmonized Tariff Schedule item numbers 7307.23 and 7307.93, Canadian authorities wish to ensure that the Committee is aware of the circumstances regarding the production of these products in the United States.

Carbon Steel Fittings

With respect to carbon steel fittings, U.S. producers are limited in their production of the larger diameter (i.e.

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above 26 inches), high yield product. During this past spring's increase in drilling and pipe line activity in California, U.S. producers could not satisfy the demand for the larger diameter fittings. As a result, the California oil and gas sector increasing turned to Canada to supply its construction needs in these areas and were quite complimentary with respect to the performance of Canadian producers in satisfying this increased need. In this regard, it is noted that in letters to the Commission, the Interstate Natural Gas Association of America, Williams Gas Pipeline, and Duke Energy Gas Transmission Corporation all indicated the importance of ensuring that the supply of flat steel plate used in the production of high grade large diameter pipe not be restricted. While these representations concerned plate as opposed to the downstream high grade pipe, it is implicit that the specialized pipe product from which the plate is processed is also in limited supply in the United States. Further, there is no evidence that imports of these specific products from Canada are contributing to the serious injury found by the Commission in this general category (G22). The Commission is aware that imports of these specific products from Canada have declined significantly since 1996 and that the price per ton of imports from Canada are significantly higher than those of imports from other suppliers.

Stainless Steel Fittings

With respect to stainless steel fittings, it is the Embassy's understanding that the U.S. producers/complainants in the Commission proceeding, namely Flowline, Gerlin, Shaw Alloy Piping, and Taylor Forge, are also limited in their production of fittings. For the most part, their production consists of average wall, full spec fittings (A 403-WP) in the small to medium range diameter (e.g. up to a maximum of 12 inches in diameter and a thickness of 2 inch). While Canadian fitting producers, Canadoil, Ezeflow, and ABE do produce fittings in these sizes or specifications, their exports of these products to the United States are minimal.

In contrast, the bulk of the production by Canadian fitting manufacturers is almost exclusively concentrated in the heavy wall, larger diameter fittings (lower pulp and paper specification A774 "as welded" quality fittings), which in most, if not all cases, U.S. producers have little involvement. In fact, several of the U.S. producers identified above employed Canadian producers as sub-contractors for orders for which they could not produce the appropriate diameter fittings.

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Accordingly, it is the position of Canada that such products should be excluded from any import action that may be taken further to any Commission recommendations on remedy. Specifically, any butt weld and pipe fittings referred to above should be excluded from both the Commission remedy recommendations and any import action that may be taken further to these recommendations. These products are either not produced or produced in limited quantities in the United States and there is no basis therefore in including them in import relief action.

Yours sincerely

Paul R. Bailey
Counsellor
Economic and Trade Policy

c.c. Ms. Donna Koehnke
Secretary
U.S. International Trade Commission